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## THE ENGLISH MANUFACTURERS AND THE COMMERCIAL TREATY OF 1786 WITH FRANCE

THE political history of the commercial treaty of 1786 between Great Britain and France has been discussed at considerable length by both English and French writers. But the influence of the new capitalistic manufacturers in England in the formulation of the treaty, and the significance of the treaty as an indication of the character and importance of this new industrial group, merit further study. Concerning the general history and terms of the treaty, a brief sketch by way of background will suffice.

In 1783, at the end of the war between France and England, the two countries temporarily renewed the commercial provisions of the treaty of Utrecht. But the eighteenth article of the treaty of Versailles contained an agreement for readjustment on a reciprocal basis. This was to be accomplished by a commercial treaty to be concluded not later than January 1, 1786.

The English government under Pitt was not eager to take up the task of carrying out the agreement. This was due, however, not so much to lack of interest as to the unsettled condition of English politics. The insecurity of the young minister's power, the violent tactics of the opposition, and especially the economic disruption of the empire involved in the separation of America and the legislative independence of Ireland—these circumstances combined to force the government to focus its attention on problems more vital to its own existence. As a result, the English were forced to ask for an extension of time beyond the first of January, 1786. To this, on behalf of the French, Vergennes reluctantly consented. For the French government desired immediate action; and to this end it took steps to force upon the English government the fulfillment, at the earliest possible time, of the treaty of Versailles. It issued a number of orders restricting English imports and imposing certain prohibitions, affecting, among other articles, cottons, linens, and ironware. These restrictions and prohibitions, though not rigorously enforced, served the intended purpose of forcing the English to take up the consideration of the proposed treaty.<sup>1</sup>

<sup>1</sup> F. Dumas, *Étude sur le Traité de Commerce de 1786 entre la France et l'Angleterre*, pp. 30-32; J. H. Rose, *William Pitt and National Revival*, pp. 329, 330; *Correspondence between . . . Pitt and . . . Rutland*, pp. 111, 112.

But desire for a revision of commercial relations was not confined to the French. Although Pitt allowed the matter to be deferred because of the pressure of other problems, his adherence to the new economic school, which favored relaxation of commercial restrictions, is well known. As for the new industrial leaders, the statements of Wedgwood, the petitions from Manchester and Birmingham, and the resolutions of the General Chamber of Manufacturers afford evidence that they were favorable to a policy of reciprocal treaties, not only with France but with other powers as well.<sup>2</sup>

The course of the negotiations, long protracted and involving various diplomatic changes, led finally to the signing of the treaty on September 26, 1786. A convention supplementing the treaty was signed on January 15, 1787. It was transmitted by Pitt to the House of Commons on January 26, but owing to prolonged debates and the enactment of legislation involving the new tariffs and the administration of the treaty, its actual operation was deferred to May 10.<sup>3</sup>

The treaty professed to be based upon the principles of a reciprocal and perfect "liberty of navigation and commerce", so far as concerned the European dominions of the two countries, in respect to the various kinds of goods involved by treaty obligations. This reciprocal liberty included, also, the privileges of residence, travel, the purchase and use of consumption goods, and the practice of religious faiths, within the European dominions of the two countries, "freely and securely, without license or passport, general or special, by land or by sea".

Reciprocal commercial rights were defined and limited by the terms of the treaty, being subject to prescribed duties and national laws. The chief concessions granted to the French were in respect to wines, vinegars, brandies, and olive oil, which were to be admitted into England on very favorable terms. By the admission of French wines at the rate then paid by Portugal, the French won an important commercial and diplomatic triumph, which, so Pitt stated

<sup>2</sup> *Minutes of the Evidence taken before a Committee of the House of Lords (on Irish Resolutions, 1785)*, pp. 150–152, 176, 177; *Report of the Lords of the Committee of Council (on Irish Resolutions, 1785)*, p. 81; *Commons Journals*, XL. 647; *Gazetteer and New Daily Advertiser*, March 23, 1785.

<sup>3</sup> For the diplomatic and political history of the treaty, see *Parliamentary History*, XXVI. 233–273, 342–596, 894–908; *Commons Journals*, XLII. 266, 289, 384, 436, *passim*; Dumas, *Étude sur le Traité de Commerce*, pp. 25–93; Rose, *William Pitt and National Revival*, pp. 328–339, 343; Rose, "The Franco-British Commercial Treaty", *English Historical Review*, 1908, XXIII. 709–724; Browning, "The Treaty of Commerce between England and France in 1786", *Transactions of the Royal Historical Society*, 1885, n. s., II. 349–364.

in a private letter, they had "no reason to expect".<sup>4</sup> In the case of most of these commodities, producers in the United Kingdom were little affected by the new tariffs. The chief objections were based on the effects of the tariffs on colonial producers and on Portuguese relations. Concessions were also made to France in the direction of opening up British markets to French cambrics, linens, millinery, and other finely wrought goods, and these concessions naturally aroused the opposition of manufacturers in the United Kingdom. But the principal advantages gained by France were in respect to commodities wherein she excelled because of superior soil, climate, and natural resources.

The principal commodities in regard to which the French, by agreeing to lower reciprocal duties, made concessions to the English, were articles in which England excelled not because of natural advantages but rather because of superior skill and enterprise. Cabinet-ware and articles made of iron, copper, and brass were to be admitted reciprocally at not more than ten per cent. *ad valorem*. Cottons, certain types of woollens, porcelains, earthenware, and pottery were to be admitted at twelve per cent. *ad valorem*.

On certain products, as cottons and irons, duties to counter-vail internal taxes were allowed. Bounties on export might also be countervailed.

Duties were specified on various other goods; and in the case of commodities not specified, the duties were to be the same as those charged to the most favored European nation. The most-favored-nation clause applied also to the treatment of the ships of each nation; and any further commercial privileges granted by either nation to a third European nation were to be extended also to the other contracting nation; but France reserved the right to maintain the Family Compact of 1761, and Great Britain reserved a similar right in respect to the treaty of 1703 with Portugal.

The treaty was to be subject to revision at the end of twelve years. A rupture of treaty rights was not to ensue in case of disagreement, unless there was an actual severing of diplomatic relations.<sup>5</sup>

The terms of the treaty that particularly affected the manufacturers were those which provided for new tariff schedules. These new schedules were significant because they were much lower

<sup>4</sup> *Journal and Correspondence of William, Lord Auckland*, I. 154.

<sup>5</sup> The texts of the treaty and the supplementary convention are in *Parliamentary History*, XXVI. 233-255, 268-272, and in *Commons Journals*, XLII. 266-272, 289, 290. The treaty is also printed as an appendix to the first volume of the *Journal and Correspondence of William, Lord Auckland*.

than formerly, and because the English desired the reciprocal establishment of virtual free trade in many of their most important manufactures, particularly in those in which the transition to production by machines had made greatest progress.

The early actions of the manufacturers concerning the treaty were taken under the guidance of the General Chamber of Manufacturers of Great Britain. This body had been organized under the leadership of the cotton, iron, and pottery interests, and had successfully opposed the government's Irish and excise policies.<sup>6</sup> The chamber continued to hold occasional general meetings, but its activity in connection with the treaty was directed mainly by the secretary and special committees. Numerous committee meetings were held, the Lords of Trade were interviewed, answers to various questions were secured from Mr. Eden, who negotiated the treaty, and extensive correspondence and interviews were conducted with manufacturers in various parts of the country. The letters received were in general favorable to the treaty, though there is evidence that special weight was given to the sentiments of the cotton, iron, and pottery manufacturers, who were enthusiastic in support of the treaty, and who had been from the first the chief factors in the chamber. On the basis of its investigations, the committee in charge of the chamber's relations to the treaty met on December 9, 1786, at the chamber's house in Fenchurch Street and adopted resolutions favoring the treaty. It was resolved that "from the best information the committee can collect from the Chambers of Commerce and Manufactures" and other sources, the treaty, based upon "liberal and equitable principles, promises to be advantageous to their manufacturing and commercial interests by opening a new source of fair trade to both nations", and by "securing a continuance of peace and good offices between two great and neighboring nations, so advantageously situated for availing themselves of the blessings of peace and an extended commerce".<sup>7</sup>

Although the committee asserted that its action was based upon the carefully ascertained views of the constituents of the General Chamber, the resolutions of December 9, when published, gave rise to a controversy which divided the organization into hostile factions. Josiah Wedgwood and the Manchester and Birmingham manufacturers had been responsible for the organization and early activities

<sup>6</sup> See the present writer's *Rise of the Great Manufacturers in England, 1760-1790* (University of Pennsylvania thesis, 1919), pp. 62-76.

<sup>7</sup> *Gazetteer and New Daily Advertiser*, December 12, 1786, February 12, 17, 21, 1787. The *Gazetteer* during February printed much information concerning earlier activities of the chamber in relation to the treaty.

of the chamber, and they continued to direct its policies. It was maintained by the opponents of the treaty that the resolutions of December 9 were not representative of the sentiments of the manufacturers generally, and the resolutions were ascribed to the fact that "the Manchester, Birmingham, and Staffordshire manufacturers have, of course, great sway in that body". Other manufacturers, it was declared, opposed the treaty, and had trusted the General Chamber to represent their views. But since those favoring the treaty controlled the chamber, the opposing manufacturers, having been misrepresented till the treaty had been signed, "do not know where to communicate their thoughts, or how to collect the general sense and convey it with force to the minister".<sup>8</sup>

But they resolved not to yield without a struggle. In order to give effect to their views in the approaching vote on the treaty in Parliament, they decided to contest the control of the General Chamber by the cotton, iron, and pottery men. On February 6, a general meeting of the chamber was held, and a debate of several hours took place on the propriety of the resolutions of December 9 favoring the treaty. A new committee was appointed to secure further information concerning various aspects of the question. On February 10 another general meeting was held. At this meeting the group favoring the treaty was severely criticized, hostile resolutions were adopted, and the House of Commons was petitioned to delay action in order to allow further consideration. The controversy continued for some time, and, although those favoring the treaty later at one time regained control, the division in the chamber served the purpose of the ministers in discrediting the organization;<sup>9</sup> and those who supported the treaty, and had gained their ends in its adoption, were less eager, apparently, to press the fight in the chamber than were those who opposed the treaty.<sup>10</sup>

In relation to the question of commercial liberalism, the importance of the division in the General Chamber of Manufacturers over the treaty with France consists in the light it throws on the alignment of the manufacturers. The older groups of manufacturers were wedded to monopoly. The cotton, iron, and pottery manufacturers, who were profiting little by monopoly, and indeed were held in leash by trade restrictions, favored the breakdown of the

<sup>8</sup> *Gazetteer and New Daily Advertiser*, January 12, 1787.

<sup>9</sup> See below, p. 28.

<sup>10</sup> *Gazetteer and New Daily Advertiser*, February 7, 12, 17, 19, 21, March 19, April 6, 1787; *Jour. and Corresp. of Auckland*, I. 429; Julia Wedgwood, *The Personal Life of Josiah Wedgwood*, p. 224; *British Merchant* for 1787, pp. 9-12.

monopolistic barriers in order that they might the more readily extend their enterprises into new fields.

The illiberal spirit of the older manufacturers as well as of the merchants is so well known as to need little comment. Their activities in the General Chamber in opposition to the treaty with France were in harmony with their traditional attitude. Their vigorous and successful fight for the adoption in 1788 of more rigorous measures against the export of raw materials in the woollen industry is typical of their continued dependence on monopoly.<sup>11</sup> The spirit prevailing among them and the merchants was vigorously condemned by Adam Smith in well-known passages advocating freedom of trade. Smith made no distinction, however, between the attitude of the old and the new industrial groups. The interests of the landed class, and of wage-workers, he asserted, are "strictly and inseparably connected with the general interest of society". But merchants and manufacturers make up a class "whose interest is never exactly the same with that of the public"; members of this class, indeed, "have generally an interest to deceive and even to oppress the public". The "sneaking arts", the "impudent jealousy", the "mean rapacity", the "monopolizing spirit", and the "interested sophistry of merchants and manufacturers confounded the common sense of mankind". To expect freedom of trade in Britain "is as absurd as to expect that an Oceania or Utopia should ever be established in it", for "the monopoly which our manufacturers have obtained against us" is too strong; they are able to "intimidate the legislature".<sup>12</sup>

Adam Smith is thus seen to have been no herald of the rising industrialists. He seems to have had no conception of that profound change, even then in progress, by virtue of which the manufacturing interests were to become the successful champions of free trade and *laissez-faire*. But while the *Wealth of Nations*, even in the case of the later editions, is singularly silent concerning the change, other writings of the time afford striking recognition of the growth of liberalism among the new manufacturers. The merchants, as well as the older types of manufacturers, were contrasted with those in the cotton, iron, and pottery industries in respect to their attitude toward monopoly. Concerning the manufacturers, the *British Merchant* for 1787, an advocate of monopoly, distinguished between the "factions" among the manufacturers. One

<sup>11</sup> Concerning the wool bill, see *Commons Journals*, XLIII. 634–636; *Annals of Agriculture* (hostile to the manufacturers), VI. 509 ff., VII. 411 ff., IX. 657 ff.

<sup>12</sup> *Wealth of Nations*, vol. I., bk. 1, ch. 11; vol. II., bk. 4, chs. 2, 3. The above passages occur in the eighth edition, published in 1796.

faction is interested essentially in maintaining control of the home markets; the members of the other faction are possessed of a "desire of an open trade", because they, "from their present ascendancy of skill, have nothing immediate to fear from competition, and everything to hope from the speculation of an increased demand". The latter faction the author identifies as consisting of the cotton, iron, and pottery manufacturers. Essentially the same distinction is made by other writers, including Sir Joseph Banks, president of the Royal Society, and Arthur Young. Young at various times condemned what he characterized as the narrow, monopolizing spirit of the older manufacturers, and praised the liberal and progressive spirit which he found in the newer industries. "The food that is wholesome and nourishing at Birmingham and Manchester", he wrote in 1792, "will not be poison at Leeds and the Devizes".<sup>13</sup>

That the new manufacturers themselves considered commercial liberalism "wholesome and nourishing", there is evidence aside from the opinions of observers. The alignment in the General Chamber of Manufacturers in regard to the treaty of commerce with France is in itself important evidence. It will be recalled that the treaty, in relation to cottons, iron, and pottery, provided for reciprocal duties much lower than had existed. The manufacturers of these commodities, almost without exception, favored virtual free trade, and in consequence supported the treaty.

The cotton manufacturers were bitterly condemned by the opponents of the treaty for favoring a policy which it was alleged would cause harm to manufacturers less able than themselves to withstand French competition. But they were unmoved in their attitude, and went so far as to condemn in public meeting the action of the General Chamber of Manufacturers in petitioning Parliament for delay in considering the treaty. The vigorous support of the treaty by the cotton manufacturers is beyond dispute.<sup>14</sup>

The attitude of the Birmingham manufacturers in support of the

<sup>13</sup> *British Merchant* for 1787, pp. 8, 12, 28; *Historical and Political Remarks upon the Tariff of the Commercial Treaty*, pp. 166-169; *View of the Treaty of Commerce with France*, pp. 75-83; *Gazetteer and New Daily Advertiser*, December 14, 26, 27, 1786; *Annals of Agriculture*, VII. 159-175; IX. 360-363, 498, 499; XVI. 352; XVIII. 327, 328.

<sup>14</sup> *Parl. Hist.*, XXVI. 469, 494; *Parl. Reg.*, XXI. 251, 252, 275, 276; XXII., pt. II., p. 107; *Gazetteer and New Daily Advertiser*, October 20, 1786, January 12, February 15, 22, 1787; *Dropmore MSS.* (Historical MSS. Commission), I. 274; *Jour. and Corresp. of Auckland*, I. 429; *Letter from a Manchester Manufacturer to the Rt. Hon. Charles James Fox on his Political Opposition to the Commercial Treaty with France*, pp. 6, 10, 14, et passim; *Wedgwood, Life of Josiah Wedgwood*, p. 224; *British Merchant* for 1787, pp. 27, 28, 42, 43.

treaty was hardly less enthusiastic than that of the cotton men. A meeting was held, as at Manchester, condemning the opposition of the reorganized General Chamber to the treaty. The spirit in which the treaty was accepted is embodied in the lines of a local poet, who wrote in October, 1786:

The prospect how pleasing—of commerce I mean,  
When Eden returns from the banks of the Seine.  
May kingdom 'gainst kingdom no more be at spite;  
For both 't were much better to trade than to fight;  
And whilst mutual friendship and harmony reign,  
Our buttons we'll barter for Pipes of Champaigne.<sup>15</sup>

The support of the treaty by Wedgwood, the great potter, was outspoken from the start. He was a leading figure in the General Chamber of Manufacturers in its early support of the treaty, and his personal relationship to Eden and the ministry subjected him, apparently without justice, to the charge of supporting the authorities in the hope of personal reward.<sup>16</sup>

The woollen manufacturers were not unanimous in opposition to the treaty. Particularly among the more progressive men in this industry, the treaty had supporters. Their support, however, was based upon a continuance of their absolute monopoly of English raw materials. Their attitude, therefore, unlike that of the newer manufacturers, particularly those in the cotton industry, was in reality an expression of commercial liberalism of a very limited kind.<sup>17</sup>

The desire on the part of the cotton manufacturers for relaxations in the old protective system is evidenced by other facts as well as by their support of the treaty with France. They went so far as to oppose certain provisions of the navigation system, which was upheld even by Adam Smith. Their particular grievance was in respect to the monopoly held by English shippers in the importation of materials used in the cotton industry.

The increase of the demand for cotton beyond the supply available from the British colonies made the question of cotton imports a vital one to the manufacturers. In 1786 nearly 20,000,000

<sup>15</sup> Quoted in Langford, *Century of Birmingham Life*, I. 329. See also *Gazetteer and New Daily Advertiser*, April 6, 1787; *Parl. Hist.*, XXVI. 840; *Historical and Political Remarks upon the Tariff of the Commercial Treaty*, pp. 155, 156.

<sup>16</sup> *Gazetteer and New Daily Advertiser*, February 21, March 19, 1787.

<sup>17</sup> *Ibid.*, April 4, 1787; Nathaniel Forster, *An Answer to Sir John Dalrymple's Pamphlet upon the Exportation of Wool*, p. 12; *Jour. and Corresp. of Auckland*, I. 516.

pounds were imported, and of this amount less than 6,000,000 pounds were from the British dominions. Bryan Edwards, historian of the British West Indies, estimated eight years later that the empire supplied no more than one-sixth of the demand. The chief sources, aside from the British colonies, were the French, Spanish, Portuguese, and Dutch colonies, and the Levant. The imports from the continental North American colonies and the United States were insignificant during the period of the present study.<sup>18</sup>

The problem of increasing the supply of cotton to meet the growing demand had been complicated by the wars and trade restrictions growing out of the revolt of the American colonies. In 1780 the manufacturers of Manchester petitioned the House of Commons to allow free importation of cotton on the ground that their business was menaced by the existing shipping monopoly. The government, in the face of strong opposition by the merchants and the West India planters, acceded to the demand of the manufacturers to the extent of temporarily allowing imports contrary to the Navigation Act of 1660.<sup>19</sup>

Another expression of commercial liberalism on the part of the new manufacturers was their hostility to the corn laws. These laws had long protected agriculturalists by prohibiting importations under certain conditions, by imposing duties varying with the prices of farm products, particularly wheat, and by paying bounties on exportation. England had normally produced food in excess of her needs, but the surplus of other countries was in some instances even larger, and the government therefore put protective tariffs and regulations in the way of foreign competitors in order to encourage agriculture and to maintain a higher level of prices. After 1765 the pressure of home consumption forced a series of modifications in the laws.

But by 1790 it was recognized that the minor relaxations in the control of the corn market, beginning in 1765, were inadequate. Even spokesmen of the landed class were beginning to recognize the rapid growth of industrial population and the consequent need of food supplies from overseas. The loss of self-sufficiency and the resulting problems of public policy were clearly stated by a writer who made a study of Lancashire agriculture for the *Annals of Agric-*

<sup>18</sup> Bryan Edwards, *The History, Civil and Commercial, of the British Colonies in the West Indies*, II. 273; *Life of Robert Owen*, I. 32; E. Baines, *History of the Cotton Manufacture*, p. 304.

<sup>19</sup> <sup>20</sup> George III., c. 45 (continued by 21 George III., c. 26, to the end of hostilities); *Commons Journals*, XXXVII. 718, 763, 764, 772, 773, 786, 795, 853, 883, 919; XXXVIII. 814.

culture. He observed that in the industrial region opportunities for profit-making were so much greater in manufacturing as to draw capital and enterprise away from the production of food supplies. Moreover, the increased opportunities attending the growth of manufacturing had led to an increase of population. Nor was this the whole of the problem, for new manufacturing enterprises had not only tended to draw capital and enterprise away from agriculture, and to increase the population; they had also been accompanied by an "advance in the manner of living and diet". The problem resulting from these circumstances was the problem of "the safety and propriety of relying on distant countries (dangers of sea and enemy included) for the necessities of life". The remedy proposed by this writer and other champions of the landed interests was the stimulation of production by increased prices and bounties, combined with a general policy of encouraging agriculture in preference to manufacturing.<sup>20</sup>

But the manufacturers were beginning to clamor for access to foreign supplies of food. A petition in 1791 from Manchester and Salford asserted that on account of the growth of manufactures and increase of population, "this country cannot raise corn sufficient for its own support". Similar petitions, urging more liberal import laws on substantially the same grounds, were sent to the House of Commons from Birmingham, Sheffield, Glasgow, and Bristol. Repeatedly, in varying forms, writers dwelt upon "the impropriety of the corn laws", and asserted that it is "the interest of the mechanic to buy his bread where he can get it best and cheapest". The demands of the manufacturers and the expansion resulting from their enterprises were the chief causes of the various relaxations in the control of the corn market. Lord Sheffield asserted in Parliament that the question was one of a conflict between the industrialized and populous northwest and the agrarian south and east of England, and in his view the changes in the corn laws were due to the influence of the former region. "The alacrity of the manufacturer" had triumphed over "the supineness of the landed interest". The acrimony of the discussions reminds one of the famous corn-law controversy of half a century later.<sup>21</sup>

<sup>20</sup> J. H. Campbell in *Annals of Agriculture*, XX. 133, 134. See also *ibid.*, XVIII. 68; *Parl. Hist.*, XVII. 475-478, XXVIII. 1381, XXIX. 98, 99 (statements by Governor Pownall, Lord Sheffield, and others).

<sup>21</sup> *Commons Journals*, XLV. 348, 461; XLVI. 200, 376, 387, 444, 653; J. E. Hamilton, *Letter to the People of England*, p. 5; *Parl. Hist.*, XXVIII. 1380; Sheffield, *Observations on the Corn Bill*, p. 60; W. Mitford, *Considerations on the Opinions stated by the Committee of Council . . . upon the Corn Laws*, pp. 63, 64; An Essex Farmer, *Observations on the New Corn Bill*, pp. 3, 4.

Returning now to the treaty with France, it will be seen that the influence of the new manufacturers in securing reciprocal reductions in tariffs on manufactured goods affected by the treaty was important. It was even more important and decisive than was their influence in securing amendments to the navigation system and the corn laws.

In order to trace their influence, it is necessary first to point out the attitude assumed by Pitt toward the manufacturers. On December 16, 1785, he wrote to Eden concerning his plans for the treaty :

It cannot be too generally understood, that our sole object is to collect, from all parts of the kingdom, a just representation of the interests of all the various branches of trade and manufacture which can be affected by the French arrangement, and that we are perfectly open to form an unprejudiced opinion on the result. I probably need hardly add, however, that there are many reasons which make it desirable to give as little employment or encouragement as possible to the Chamber of Commerce<sup>22</sup> taken collectively.

Again, in his speech of February 12 in the House of Commons in support of the treaty, he said that the manufacturers "merited every respectful attention", and that in matters involving their interests, "their representations must indeed carry the most powerful weight". But as for the General Chamber of Manufacturers, this body he referred to contemptuously, as if its existence had just been called to his attention. Its petition he mentioned as coming from "a few manufacturers collected in a certain Chamber of Commerce", a body which was absurdly wandering "into the paths of legislation and government", and attempting to take from Parliament "the trouble of legislation".<sup>23</sup>

The minister's purpose was plain. He knew, from the bitterness of the defeat of some of his most earnestly championed policies, something of the power of the great manufacturers who had cleverly organized the industrial interests of the country against those policies. He was forced to recognize them, but he desired at the same time to discredit their organization. His opportunity came when the opponents of the treaty secured control of the organization.

His deference to the leading members of the chamber as originally organized was as obvious as his desire to discredit their organization as such. This is evidenced by his choice of the negotiator, by the securing of information as the basis of the treaty, and by the objects of the treaty.

<sup>22</sup> The General Chamber of Manufacturers was frequently thus designated.

<sup>23</sup> *Jour. and Corresp. of Auckland*, I. 90, 91; *Parl. Hist.*, XXVI. 379-382, 390, 392.

The appointment of William Eden to negotiate the treaty was in itself, in a measure, a triumph of the new industrial interests. As a prominent member of the opposition, he had fought the Irish Resolutions and the cotton tax, and he was generally looked upon as a champion of the great manufacturers. Prominent manufacturers expressed their pleasure, and Matthew Boulton even stated that had the choice been left to him, he would himself have appointed Eden. Lord Sheffield stated that it was not Eden's "system" to knock his head "against any knot of manufacturers". His constant attention to the views of the manufacturers and the cordiality of his relations with them in the conduct of the negotiations afford ample evidence in support of Sheffield's statement.<sup>24</sup>

It will be recalled that Pitt instructed Eden to ignore the General Chamber of Manufacturers as far as possible, but to secure full information from the manufacturers individually as a basis for the treaty. That Eden adhered at least to the latter part of the instructions is apparent. A short time before leaving for France he wrote familiarly to Morton Eden that he was "passing *every* morning and all the morning" in securing information from the merchants and manufacturers. "I do not yet foresee", he continued, "precisely when I shall be able to proceed to the continent. . . . It is some satisfaction, however, that our inquiries go forward pleasantly", with "much liberality and good temper". The attitude of the manufacturers as revealed in these inquiries is significant. The representatives of the cotton and iron industries held that there was "nothing to be apprehended from a competition with the French", and agreed that the duties "cannot be too low". That Pitt made use of the views of the manufacturers in framing his draft of the treaty is evident from his letters to Eden written in April, 1786. "The evidence of the manufacturers", he wrote, "will furnish some tolerable ground to go upon". And again: "The general knowledge from the examination of the manufacturers and from other sources is enough to satisfy me that the general principle [of the treaty as formulated by the ministry] is right". There is evidence, also, that the government kept in close touch with the views of the manufacturers during the progress of the negotiations. This is shown by correspondence and interviews between Eden and Wedgwood, who was regarded in a measure as spokesman for the group that supported the treaty. The government continued to hold consultations with manufacturers after Eden's departure for France; and Eden himself, while in France, not only corresponded with manufac-

<sup>24</sup> *Jour. and Corresp. of Auckland*, I. 92, 93, 164.

turers in England but also held interviews with their agents at the place of conference.<sup>25</sup>

In view of the intimate relations between the government and the leading manufacturers during the various stages of the making of the treaty, their influence may be stated fairly in the words of a writer of the time, who referred to the treaty as having been "framed in concert with the manufacturers themselves".<sup>26</sup>

The government conferred repeatedly with manufacturers of various types, both old and new; but it is important to observe that it was the wishes of the newer industrial groups that found recognition in the treaty. The importance of the newer groups is evidenced not only by their prominence in the process of securing information, but even more markedly by the objects of the treaty. Pitt's view, expressed in private letters, and, in a more cautious form, in Parliament, was that "the chief immediate advantage" desired was "that of encouraging industry and raising the demand for our manufactures"; and the "great and leading" manufactures "which we wish to send to France are cotton, some sorts of woollens, hardware, and earthenware". Again, in writing to Eden, he stated that the idea of a duty as high as fifteen per cent. "on the essential article of cottons cannot be listened to", and should the French insist on such a high rate, "it would in fact be breaking off the Treaty". But as for glass and certain other articles, he was willing to make concessions, "a little adventurously", which he hoped would assist in carrying the point on cottons. Eden, in accord with Pitt and the desires of the manufacturers, asked a duty as low as five per cent. on cottons. The French wanted a duty of twenty per cent., "and some went as far as thirty per cent." He wrote to Pitt of his sense of triumph when, "after much dispute", he secured an agreement for ten per cent., which, however, was later raised to twelve per cent.<sup>27</sup>

Supporters and opponents of the treaty alike agreed that the chief benefits of the treaty would be experienced by the cotton, hardware, and pottery manufacturers.<sup>28</sup>

<sup>25</sup> *Jour. and Corresp. of Auckland*, I. 94, 110, 114, 143, 144, 158, 249, 491–493; *Wedgwood, Josiah Wedgwood*, pp. 224, 244; *Gazetteer and New Daily Advertiser*, February 21, March 19, 1787.

<sup>26</sup> *Letter of a Manchester Manufacturer*, p. 14.

<sup>27</sup> *Jour. and Corresp. of Auckland*, I. 148, 154–156, 160–161, 484–485; *Corresp. bet. Pitt and Rutland*, pp. 158–159; *Parl. Hist.*, XXVI. 385.

<sup>28</sup> *The Necessity and Policy of the Commercial Treaty with France . . . Considered*, pp. 44, 45, 60; *A Woollen Draper's Letter on the French Treaty*, pp. 5, 26, 27; *View of the Treaty of Commerce*, pp. 13 ff., 20–35, 45–68; *Gazetteer and New Daily Advertiser*, December 2, 1786.

Evidence of the prominence of the new manufacturers in connection with the treaty is to be found also in the debates in Parliament. A member referred to the influence of the manufacturers as a subject "in the mouth of every gentleman" who discussed the treaty. It was alleged by those who opposed the treaty that the new industrial centres were expecting to profit by speculation at the expense of the general industry of the country, and even at their own ultimate cost, because, it was held, their mechanical superiority was temporary, and the treaty would facilitate the acquisition by the French of English machines and methods. There were attempts, also, to discredit the ministry by the charge that it had ignored the interests of the majority of manufacturers and had subordinated permanent economic and political considerations in order to gain the support of the newer men, who, it was held by some, had speculative rather than permanent economic interests. In any case, "the opinions of two counties, however extensive and commercial", asserted Edmund Burke, "should not be taken for the sense of the people of England".

Among those who were in accord with the new manufacturers was the Marquis of Lansdowne, who delivered a notable speech in support of the treaty. During the debates on the Irish Resolutions, he had bitterly condemned the manufacturers for opposing what he considered the liberal policy of the resolutions. On the occasion of a debate on the treaty with France, his attitude was entirely different. After praising the principle of free trade in general, and its expression in the treaty in particular, he said that

he was not the man to flatter any body of manufacture, or to court them for the sake of popularity or any such idle purpose; he despised the idea; but at the same time he was ready to do justice to the manufacturers. . . . When he looked at the commercial treaty, he said he was proud of the conduct of the manufacturers. . . . [They], seated as they had been on the throne of monopoly, had generously descended from it; and seeing the true policy of the measure, consented without a murmur to give up all their prohibitions, to meet the foreign manufacturer in his own market, to travel abroad with their manufactures, and to bring home wealth in one hand and revenue in the other.<sup>29</sup>

In view of the monopolies retained by many of the manufacturers, as the monopoly of raw materials in the woollen industry, and in view of the benefits which the new manufacturers expected to derive from the treaty, the praise accorded the manufacturers by

<sup>29</sup> *Parl. Hist.*, XXV. 855-864; XXVI. 471, 472, 487, 490, 491, 494, 542, 555-557; *Parl. Reg.*, vol. XVIII., pt. II., p. 34. For an interesting tribute to the growing spirit of freedom of trade in England, by a contemporary foreigner, see *Dropmore MSS.*, III. 154.

Lord Lansdowne may seem exaggerated. The benefits, however, were not confined to the English. A critical French historian asserts that

the treaty secured incontestable advantages for our agriculture, and the crisis which it caused in our industries at the beginning of its application was a crisis of a nature salutary and indeed necessary. A great many of our manufacturers, accustomed to the tranquil enjoyment of a monopoly conferred upon them by law, had followed in routine fashion such methods as required no initiative. They were profoundly aroused by the competition of the English, who forced them to abandon their inactivity and to modify radically the old conditions of production and sale.<sup>30</sup>

But praise or condemnation of the English manufacturers is beside the point. The fact remains that, since the reduced tariffs were reciprocal, the advantages accruing to the English manufacturers of cotton, iron, and pottery, the chief beneficiaries, were based not upon the conditions of the treaty, which premised equality, but upon their own superior productive and competitive power. Their desire for lower reciprocal duties, amounting virtually to a desire for free trade, may or may not have been praiseworthy, but so far as the treaty concerned these manufacturers it was a marked development in the direction of free trade, and as such was welcomed by them.

Their liberalism, to be sure, was far removed from abstract theory, although they were not without a laudable hope that its effect on international good-will would be helpful. But its chief source was their mechanical superiority, and particularly "an unmatched superiority" in "the articles of cottons, hardware, pottery, gauze—great national objects indeed". This was admitted even by opponents, but they held that mechanical superiority was temporary and transitory, and not therefore a safe basis for treaty-making. The French, too, recognized the advantages of the English due to mechanical improvements, and sought to counteract these advantages by acquiring a knowledge of English inventions.<sup>31</sup>

The prime minister himself recognized the mechanical superiority of English industry as the principal support of the treaty. Pitt, who has been called a disciple of Adam Smith, and whose free-trade tendencies have been ascribed to physiocratic and agrarian sympathies, was keenly alive not only to the nature of the new industrial

<sup>30</sup> Dumas, *Étude sur le Traité*, pp. 191–193.

<sup>31</sup> *Ibid.*, pp. 70, 152–157; *View of the Treaty of Commerce*, pp. 8–19, *passim*; *Complete Investigation of Mr. Eden's Treaty*, p. 80; *Sheffield, Observations on the Manufactures, Trade, and Present State of Ireland*, pp. 200, 201.

forces, but also to their source in the transition to mechanical production. This is apparent, in the case of the treaty with France, from the care with which he based the treaty upon the views of the manufacturers. More specific was his recognition of the mechanical basis of the liberalism of the treaty in his great speech of February 12 in its support. So far as Great Britain was concerned, the treaty was based upon Britain's "recourse to labor and art", and "energy in its enterprise", because of which Britain was "confessedly superior in her manufactures and artificial productions". His continued recognition of the industrial interests is evident alike from his policies and his speeches. In his address of February 17, 1792, on the state of the public finances, he enlarged upon the vast increase of commerce and industry since the misfortunes of the late wars, and asked, Why this unprecedented progress in wealth and prosperity? The first reason he assigned was "the improvement which has been made in the mode of carrying on almost every branch of manufacture, and the degree to which labor has been abridged, by the invention and application of machinery". Accompanying this was the development of credit in the operations of industry, the spirit of enterprise in the expansion of markets, and the rapid accumulation of capital by the reinvestment of profits in productive undertakings.

In this comprehensive speech on the resources and revenues of the country, agriculture was virtually ignored; it was mentioned in a merely incidental manner. His attitude aroused against him the bitterest criticism of Arthur Young, who charged that the minister, in his zeal for the industrial interests, "overlooks everything connected with land", and that, because of his favoritism, "the agricultural interests of this kingdom perhaps never found themselves in so contemptible a position".

Pitt's views and policies mean nothing less, in fact, than a recognition by him that, by reason of the transition to mechanical production, a new economic era was coming into existence.<sup>32</sup>

The new manufacturers were the product not of monopoly but of ingenuity and enterprise; and they found it impossible to fit themselves into the grooves of the old system. They were impatient of public restrictions, and even indifferent to public favors. The essential tendency of the reorganization of industry accompanying the development of the new methods of manufacturing was away from the old monopolistic, stratified system, and in the direction of

<sup>32</sup> *Parl. Hist.*, XXVI. 384, 385, 395; XXIX. 832-834; *Annals of Agriculture*, XVII. 373.

a fluid, or elastic, or highly dynamic condition. This tendency involved a new conception of the relation of government to industry, namely, the necessity resting upon government to *conform* to economic conditions, rather than to attempt to create or to mold them. This conception, radically different in origin, nevertheless approximated to the physiocratic and Smithian doctrine of *laissez-faire*. It was indeed the industrialist who forced the translation of Adam Smith's theories, particularly in reference to commerce, into practical policy. Smith's darling agrarians, whose interests he believed to be identical with public interests, and upon whose influence he relied for the changes he advocated, became the "last-ditch" opponents of free trade; and the despised industrialists became the relentless champions of liberalism, champions more radical than even Smith himself, who tried to justify both the navigation system and countervailing duties. The work of introducing free trade and *laissez-faire* was mainly the work neither of the agrarians nor of the theorists, but of the industrialists. And their influence, as has been seen, was felt distinctly even in Adam Smith's lifetime.

The attitude of the theoretical free-traders, in contrast with the illiberal spirit imputed to the manufacturers by Adam Smith and others, has commonly been assigned as the basis of the early free-trade movement. Adam Smith said, Let there be free trade. And at length there was free trade. Therefore, Adam Smith is the father of free trade. Such, in hyperbole, is the logic that has gained wide acceptance. The influence of an idea and of a personality is attractive, in part, perhaps, because it is intangible and elusive. But the force of an event is manifest and inescapable. The chief sources of the liberalism of the new industrial groups were not ideas but events.

Of these, the primary event was the transition to mechanical production in England while other nations adhered to primitive methods. Out of this transition there developed four secondary events of utmost importance in the history of commercial liberalism. The first of these was productive and competitive superiority such as enabled Englishmen to laugh at their rivals, and removed the need for the old protective and monopolistic system. The second event was the increase of productive power beyond the existing demand, which led to a positive desire for the removal of the old restrictions and the substitution therefor of a system of reciprocity and of ultimate complete free trade by which new markets might be opened up for the output of the new mechanical methods. This tendency was particularly manifest in the treaty with France. The

third event was the tendency of production to outrun the supply of raw materials available at home or by the use of English ships alone. Increased supplies were obtainable by relaxations in the navigation acts and by concessions to those who controlled the supplies, and this fact early led the manufacturers to favor a more liberal policy, as in the case of their attempts to secure cotton contrary to the navigation laws. The fourth event was a rapid expansion of industry, involving a disproportionate growth of population engaged in manufacturing as compared with agriculture, which led in turn to a demand for the breaking down of the barriers raised to protect English agrarians from oversea food producers.

There is a marked parallelism between the events described above and the events of half a century later when the old commercial system was completely overthrown. The principles underlying the Manchester School, the forces actuating the Anti-Corn Law League, and even the group alignments of the later conflict, were essentially the principles and forces and alignments which had already emerged before the entrance of England into the French and Napoleonic wars. The tendency toward commercial liberalism inherent in the events of the earlier period was repressed and distorted by the quarter-century of wars and by the accompanying deluge of conservatism, and in consequence the triumph of the new order was postponed until the reassertion of power by the new industrial group in the nineteenth century. But the forces which led to the final overthrow of the old commercial system were active and influential even before Europe was devastated by the cataclysm of war and reaction.

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